



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C
B1/21C
B4/1C
B4/9C
B9/132C

27 May 2022

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Supervisory Policy Manual (SPM) Module: TB-1 “Regulation and Supervision of Trust Business”

I am writing to inform you that, following consultation with relevant industry associations, the Monetary Authority is issuing by notice in the Gazette today a new SPM module TB-1 “Regulation and Supervision of Trust Business” as a statutory guideline under section 7(3) of the Banking Ordinance.

The SPM module aims at enhancing protection of client assets held on trust; promoting treating customers fairly and customer-centric culture in trust business; and better aligning with the international standards and practices. This would in turn enhance clients’ confidence in entrusting assets to trustees in Hong Kong, thereby reinforcing Hong Kong’s position as a leading asset and wealth management centre.

The SPM module sets out the supervisory approach and conduct requirements of the Hong Kong Monetary Authority (“HKMA”) on trust business and related activities including introducing or referring trustees to customers, and introduces a list of trustees to be maintained and published by the HKMA. A Code of Practice for Trust Business (“the Code”) is attached to the SPM module as Annex which sets out the general principles and practical standards to govern the conduct of trustees in their trust business in Hong Kong.

The SPM module applies to all authorized institutions (“AIs”). Locally incorporated AIs should also ensure that their subsidiaries follow the relevant requirements in the SPM module, including that the business conduct, practices and controls of those subsidiaries that conduct trust business in Hong Kong are in line with the Code. Other trustees (e.g. other trustees within an AI group) that conduct trust business in Hong Kong are encouraged to adopt the Code.

AIs should ensure that the requirements in the SPM module be complied with as soon as practicable, in any case not later than 1 June 2023. An exemption is provided during the interim period between the implementation of the SPM module and that of the proposed Type 13 regulated activity (“RA13”) under the Securities and Futures Ordinance for the existing depositaries of collective investment schemes authorized by the Securities and Futures Commission, to the extent that the trust services are related to the proposed RA13.

On-line access to the SPM module is available under the icon for “Supervisory Policy Manual” on the HKMA’s website (<https://www.hkma.gov.hk/eng/>).

Should you have any questions regarding the SPM module, please contact Mr Kevin Sham at 2878-1594 or Ms Sandi Cheung at 2878-8831.

Yours faithfully,

Arthur Yuen
Deputy Chief Executive

Encl.

cc: The Chairperson, The Hong Kong Association of Banks
The Chairperson, The DTC Association
The Chairman, Private Wealth Management Association
Secretary for Financial Services and the Treasury (Attn: Mr Justin To)